

**MERCANTIL COMMODITY, S.A.C.
SUMMARY AUDIT REPORT**

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**ICMI Cyanide Code Transportation
MERCANTIL COMMODITY, S.A.C
SUMMARY AUDIT REPORT
Cyanide Supply Chain Recertification Audit
Lima - Perú**


**Submitted to:
International Cyanide Management Institute (ICMI)
1400 I Street, NW – Suite 550
Washington, DC 20005, USA**

2013 Three-year Cycle Audit



Geosoluciones Panamá, S.A.
P.O. Box 0923-00340
Santiago - Panamá

MERCANTIL COMMODITY, S.A.C.
Name of Facility



Signature of Lead Auditor

April 30, 2013
Date

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Transport Practice 3.4: Develop procedures for remediation of releases that recognize the additional hazards of cyanide treatment chemicals.

Transport Practice 3.5: Periodically evaluate response procedure and capabilities and revise them as needed.

**C- ALMACENES LATINOAMERICANOS, S.A.
ROLE AS CYANIDE STORAGE**


1. TRANSPORT: Transport cyanide in a manner that minimizes the potential for accidents and releases.

Transport Practice 1.3: Ensure that transport equipment is suitable for the cyanide shipment.

2. INTERIM STORAGE: Design, construct and operate cyanide trans-shipping depots and interim storage sites to prevent releases and exposures.

Transport Practice 2.1: Store cyanide in a manner that minimizes the potential for accidental releases.

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A- GENERAL SUMMARY

A.1 Information of the Audited Operation

Name of Cyanide Transportation Facility: Mercantil Commodity SAC
Name of Facility Owner: Mercantil Commodity SAC
Name of Facility Operator: Mercantil Commodity SAC
Name of Responsible Manager: Raúl Bellatin Galdós
Address: Calle Santorín, 243 – Urbanización El Vivero, Surco
State/Province: Country: Lima / Perú
Telephone: (511) 618-1616 Fax: (511) 618-1617 E-Mail: mbetancourt@mercantil.com.pe

(RECERTIFICATION AUDIT)


Location detail and description of operation:

Mercantil Commodity, S.A.C. (**MERCANTIL**) located in Peru, certified under ICMI Code on July 19, 2010, is the consignor of the supply chain, responsible for organizing and overseeing the activities of certified trucking, the ALPA warehouse and the Latinoamericanos Interim Storage Facility; from the Port of Callao “Puerto del Callao” Peru, to mine sites that use *Almacenera El Pacífico, S.A.C. (ALPA) as warehouse facility that has been certified on August 19th, 2014*, ALMACENES LATINOAMERICANOS, S.A. as interim storage; and the Code-certified transporters *DINET Perú, S.A. [DINET]* (Code certified on November 26th, 2013), *DCR Minería y Construcción, S.A.C.[DCR]* (Code recertified on February 5th, 2014), *STIGLICH Transportes, S.A.* (Code recertified on November 25th, 2013) and *ALSA Servicios, S.A. [ALSER]* (Code certified on January 22th, 2014), formerly Almacenes y Logística, S.A.

MERCANTIL transport cyanide, which are received from the Port of Callao “Puerto del Callao”, using ALSA Servicios, S.A. (ALSER) to the interim storage Almacenes Latinoamericanos, S.A. [8 Miles, North of the Port of Callao], or from the Port of Callao to storage cyanide in a warehouse Almacenera El Pacífico, S.A.C. (18.3 Miles, South of the Lima City-Lurín).

MERCANTIL is involved in all developing activities and in implemented procedures and practices for managing cyanide. These procedures are applied to the transport and interim storage processes that perform Almacenes Latinoamericanos, S.A.

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DCR, DINET, STIGLICH, and ALSER have been certified under the Code, and implemented their own procedures under their own controls, processes that are verified by these Companies.

MERCANTIL ensures that the transportation, storage in its chain of supply, comply with standard practices for handling cyanide by conducting internal-external audits, drills and maintaining a system active record; however, Mercantil Commodity S.A.C., provides training in regards to prevention of accidents, pollution, and emergency response.

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A.2 Overall Auditor's Finding

This operation is

- ✓ In full compliance With the International Cyanide Management Code.

This operation has maintained full compliance with the International Cyanide Management Code throughout the previous three-year audit cycle. Between 2010 to 2013, there are no records of incidents since ICMI audit was done.

Audit Company: Geosoluciones Panamá, S.A.

Audit Team Leader: Jorge Efrén Chong Pérez Email: geosoluciones@cwpanama.net

Names and Signatures of Other Auditors: María Del Pilar Arrese Moreno

Date(s) of Audit: April 30, 2013



I attest that I meet the criteria for knowledge, experience and conflict of interest for Code Verification Audit Team Leader, established by the International Cyanide Management Institute and that all members of the audit team meet the applicable criteria established by the International Cyanide Management Institute for Code Verification Auditors.

I attest that this Summary Audit Report accurately describes the findings of the verification audit. I further attest that the verification audit was conducted in a professional manner in accordance with the International Cyanide Management Code Verification Protocol for Cyanide Transportation Operations and using standard and accepted practices for health, safety and environmental audits.

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B- ROLE AS CYANIDE TRANSPORTATION

1. TRANSPORT: Transport cyanide in a manner that minimizes the potential for accidents and releases.

Transport Practice 1.1: Select cyanide transport routes to minimize the potential for accidents and releases.

This operation is

- In full compliance
- In substantial compliance Transport Practice 1.1
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

MERCANTIL established cyanide management procedure during transport for fifteen (15) routes. Route sheets are prepared by each Code signatory. At the time of the audit, seven (7) routes were active: (2) Lima (Port to interim storage and warehouse), Antamina, La Zanja, Volcan (Yauli and Cerro Pasco), and Raura.

MERCANTIL has established a route evaluation procedure:

After implementing the route evaluation procedure, it is concluded that the common risk could be vehicular accidents; and the most serious stage, a falling container.


MERCANTIL periodically conducts internal audits to verify compliance with the procedure established route.

MERCANTIL has established specific measures to be taken in order to Control Risks and to set parameters based on the probability of occurrence, using the convoy leader's reports.

MERCANTIL has established for it chain supply companies, to seek input from communities and other stakeholders and applicable governmental agencies.

MERCANTIL has established the use of convoys in all cases. The convoy leader is responsible for the operation of the transport, training before the trip, measures to be taken

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during the trip, including suspension due to adverse weather, social conflicts or situations that could endanger people, cargo, or the environment, including communities.

MERCANTIL requests to provide information (MSDS, emergency and chemical product information) to support emergency centers (health centers and fire companies) along the routes mentioned. This activity is intended to support in case of an emergency.

MERCANTIL supply chain company uses *Almacenera El Pacífico, S.A.C. (ALPA)* as warehouse facility that has been certified on August 19th, 2014.

MERCANTIL uses ALMACENES LATINOAMERICANOS, S.A. as interim storage; and the Code-certified transporters *DINET Perú, S.A., DCR Minería y Construcción, S.A.C., STIGLICH Transportes, S.A.,* and *ALSA Servicios, S.A. [ALSER]* formerly Almacenes y Logística, S.A.

Transport Practice 1.2: Ensure that personnel operating cyanide handling and transport equipment can perform their jobs with minimum risk to communities and the environment.

This operation is

- In full compliance
- In substantial compliance Transport Practice 1.2
- Not in compliance


Summarize the basis for this Finding/Deficiencies Identified:

Mercantil Commodity, through the group HSEQ department, are responsible for ensuring the training of Almacenes Latinoamericanos, S.A., personnel assigned to the handling of sodium cyanide, as well as their Code certified companies.

This training is done with a minimum frequency of once a year, as established by MERCANTIL.

Prior to trip departure, the assigned convoy leader will conduct a meeting with all the operators, explaining the characteristics of the trip, as well as issues related to the safe instructions, regulations, etc., and will perform an alcohol test.

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Transport Practice 1.3: Ensure that transport equipment is suitable for the cyanide shipment.

This operation is

- In full compliance
- In substantial compliance Transport Practice 1.3
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

MERCANTIL requested its contracted carriers, all Code-certified, the use of equipment designed and maintained to operate the loads they will be handling.


MERCANTIL showed formal procedure evidence of designed and maintained to operate lifting equipment within the loads they will be handling for Almacenes Latinoamericanos, S.A. cyanide storage.

MERCANTIL established procedure for the interim storage supervisor that equipment operators must inspect the cranes, fort lift and load before being loaded.

MERCANTIL enforces the requirements of Article 43 of the "Reglamento Nacional de Transporte Terrestre de Materiales y Residuos Peligrosos", which is published in the Official Journal of Peru, "El Peruano", on June 10, 2008: "hazardous material and waste vehicles are allowed only up to three years, otherwise must undergo review by the Ministry of Transport and Communications "Ministerio de Transportes y Comunicaciones".

MERCANTIL supply chain company uses *Almacenera El Pacífico, S.A.C. (ALPA)* as warehouse facility that has been certified on August 19th, 2014.

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MERCANTIL uses ALMACENES LATINOAMERICANOS, S.A., as interim storage; and the Code-certified transporters *DINET Perú, S.A., DCR Minería y Construcción, S.A.C., STIGLICH Transportes, S.A.,* and *ALSA Servicios, S.A. [ALSER]* formerly Almacenes y Logística, S.A.

Transport Practice 1.4: Develop and implement a safety program for transport of cyanide.

This operation is

- In full compliance
- In substantial compliance Transport Practice 1.4
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:


MERCANTIL procedures ensure the integrity of cyanide cargo from the port to the mines, demanding its transporter supply to put security lock and security seal, always with the presence of MERCANTIL representative. The load can only be opened when it reaches its authorized destination and recipient customer.

Prior to the trip, placards and other signage, including NFPA diamond, are placed on the three visible sides of the containers: the UN Number, NFPA diamond, and diamond DOT, always verified by a MERCANTIL representative.

The MERCANTIL safety program involves:

- Pre-trip inspections and documentation of units, for each transport activity.
- Review information from the unit to give approval for the trip, with record indicating that the vehicle has preventive maintenance according to manufacturer's specifications
- Drivers must rest at least 8 hours prior to a trip and do not drive more than 12 hours a day, and rest stops every two hours of driving.
- The cyanide load traveling within 20 feet containers, making arrangements to prevent movement.

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- The convoy leader is responsible for assessing the climatic conditions, community conflicts and is enabled for the suspension of the convoy transport operation, which must immediately notify MERCANTIL.
- It prohibited the consumption of alcohol, drugs, or any substance or medicines that may impair or diminish the operation of the driver or a member of the convoy. Alcohol test must be performed before each trip.
- At the end of the trip, the leader of the operation and drivers must submit to Mercantil a report that details the same route incidents, advanced information, sensitive areas found and relevant information to ensure safety and security on future trips.

MERCANTIL supply chain company uses *Almacenera El Pacífico, S.A.C. (ALPA)* as warehouse facility that has been certified on August 19th, 2014.

MERCANTIL uses ALMACENES LATINOAMERICANOS, S.A., as interim storage; and the Code-certified transporters *DINET Perú, S.A., DCR Minería y Construcción, S.A.C., STIGLICH Transportes, S.A.,* and *ALSA Servicios, S.A. [ALSER]* formerly Almacenes y Logística, S.A.

Transport Practice 1.5: Follow international standards for transportation of cyanide by sea and air.


This operation is

- In full compliance
- In substantial compliance Transport Practice 1.5
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

MERCANTIL does not transport by sea or air, the scope of transport is from Callao or Lurín District, to the mines of Peru.

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Transport Practice 1.6: Track cyanide shipments to prevent losses during transport.

This operation is

- In full compliance
- In substantial compliance Transport Practice 1.6
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

Communications are periodically tested by the transport subcontracting companies; however, to ensure their functionality, MERCANTIL EHS coordinator, accompanied some of the trips periodically to test convoy communications and compliance procedures.

At the time of the audit, DCR convoy supervisor (Code certified company) and two drivers were interviewed. The drivers were in the MERCANTIL facilities transit verifying the proper functioning of the communication equipment, which was in operation. All personnel knew how to use it.

In blackout areas, MERCANTIL requested satellite phones and GPS, since there are segments where there is no cell signal.

MERCANTIL procedure indicates that transportation companies must have control systems that would inform always the position of the cyanide load. Additionally, requested cellular service, radio, and satellite phone with which ensures full coverage during transport.


At the time of the audit, drivers who were in transit showed bill of lading of cyanide and the MSDS; each container was locked and sealed. The convoy supervisor was interviewed verifying familiarity with MERCANTIL procedures inventory control.

The bill of lading and reference guide is part of shipping records of amount transported; Material Safety Data Sheet (Rev. 2009) is revised before each trip and available during all transport.

According to regulations in Peru, the MSDS must be reviewed every five years.

MERCANTIL supply chain company uses Almacenera El Pacífico, S.A.C. (ALPA) as warehouse facility that has been certified on August 19th, 2014.

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MERCANTIL uses ALMACENES LATINOAMERICANOS, S.A. as interim storage; and the Code-certified transporters DINET Perú, S.A., DCR Minería y Construcción, S.A.C., STIGLICH Transportes, S.A., and ALSA Servicios, S.A. [ALSER] formerly Almacenes y Logística, S.A.

2. INTERIM STORAGE: Design, construct and operate cyanide trans-shipping depots and interim storage sites to prevent releases and exposures.

MERCANTIL clarified that Almacenes Latinoamericanos, S.A. is a transit storage company. Both companies signed compliance agreement where interim storage operating conditions are set: a) storage container is less than 24 hours; b) containers will not be opened under any circumstances, unless customs superintendents or tax administration can request cargo random check as arriving or leaving the storage facility. c) Containers will be reviewed by MERCANTIL personnel in order to verify that they are suitable for cyanide storage, according to the Cyanide Code.

Transport Practice 2.1: Store cyanide in a manner that minimizes the potential for accidental releases.

This operation is:

- In full compliance
- In substantial compliance Transport Practice 2.1
- Not in compliance


Summarize the basis for this Finding/Deficiencies Identified:

MERCANTIL has established a formal procedure for warning signs requirements for storage of cyanide.

Latinoamericanos has NFPA and UN signaling attached to containers indicating the presence of sodium cyanide.

MERCANTIL has established a formal procedure for requiring “no smoking-open flame, eating and drinking are not allowed” for storage cyanide.

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Latinoamericanos has warning signs on flames, eating and drinking are not allowed and in some places near the entrance of the general security perimeter fence.

MERCANTIL has procedure for requiring personal protective equipment for storage cyanide. At the entrance of the Almacenes Latinoamericanos, S.A. facility, requirements for protective equipment are indicated, which apply to all areas where containers are stored.


MERCANTIL has established a procedure to separate cyanide from incompatible materials such as acids, strong oxidizers, explosives or other incompatible material assigning a special area for cyanide storage to prevent mixing or contact.

MERCANTIL established an agreement with Almacenes Latinoamericanos, S.A. to minimize the potential for contact of solid cyanide with water, since the Twenty Equivalent Unit (TEU-type) containers will not be opened under any circumstances.

MERCANTIL has established a storage procedure to prevent build-up of hydrogen cyanide gas with adequate ventilation.

MERCANTIL has requested a system in place containing any spilled cyanide materials and minimize the extent of a release. Latinoamericanos as part of ALSA group, shares the same facilities with ALSER which provides a system in case of any spilled cyanide.

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3. EMERGENCY RESPONSE: Protect communities and the environmental through the development of emergency response strategies and capabilities.

Transport Practice 3.1: Prepared detailed emergency response plans for potential cyanide releases.

This operation is

- In full compliance
- In substantial compliance Transport Practice 3.1
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

MERCANTIL has requested seven (7) active routes which are covered by each chain supply emergency response plan that has gone through a risk assessment: Port of Callao to interim storage, Port of Callao to ALPA Warehouse, Antamina, La Zanja, Volcan (Yauli and Cerro Pasco) and Raura.


MERCANTIL requested emergency response plan for Cyanide Code transporters and storage of cyanide maintained a basic structure: scope, responsibilities, legal jurisdiction, applicable legislations, notification system, and communication (incident scenario, concept of level of response (organization chart and available equipment), risk control evaluation and public relations.

MERCANTIL established to supply chain and cyanide storage, considering the physical and chemical form of the cyanide.

MERCANTIL takes into account the method of transport used to handle containers with cyanide, in terms of capacity, safety factor and that teams / operators are qualified and licensed. For cyanide storage the release and remedial scenarios are addressed.

MERCANTIL established to be approved by the Ministry of Transport and Communications of Peru, at the time of departure of each vehicle. Failure to comply with this requirement may also be subject to heavy fines.

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Information of road conditions is defined in the route sheet document. As MERCANTIL has established, the emergency response plan describes the response actions for previews emergencies.

It also establishes the logical line of action that the leader and convoy drivers must take when irregularities arise during transport of sodium cyanide, including civil commotion, adverse conditions, bad weather, traffic congestion, and unplanned stops.

As established by MERCANTIL, it requested to each supply chain elements to have an emergency response plan that considers the design of the transport vehicle and storage facility.

MERCANTIL established an emergency plan with description of response actions.

Established the Level Response Concept “CONCEPTO DE RESPUESTA POR NIVELES” since the majority of traffic accidents with cyanide are low and can be handle locally. However, if the accident is large and could not be controlled by the storage personnel along with the assistance of MERCANTIL with local resources, an external assistance will be requested to IFSEC. The scope of the response level is known as response by levels.

MERCANTIL established to identify the roles of outside responders, medical facilities or communities.

Transport Practice 3.2: Designate appropriate response personnel and commit necessary resources for emergency response.

This operation is


- In full compliance
- In substantial compliance Transport Practice 3.2
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

MERCANTIL coordinated and provided emergency response training.

Some training records from 2010 through 2013 were reviewed. This course was given by MERCANTIL and DUPONT qualified trainers; local firefighters attended this training.

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The MERCANTIL emergency response plan describes the function during an emergency: staff in first and second response, personnel received periodically refresher training, including IFSEC Perú Company that provides assistance, in case of a second response.

All IFSEC personnel were former firefighters with more than nine (9) years of experience.

As established by MERCANTIL, each transporter has the required emergency response and personal protective equipment, also has a convoy response kit for spills and poisoning (antidote kit). Both need to be verified before the trip.

MERCANTIL takes into account the company's supply chain emergency equipment, including personal safety equipment.


MERCANTIL established to provide refresher training and on issues related to toxicity and response.

MERCANTIL established procedure to inspect emergency equipment.

MERCANTIL supply chain company uses *Almacenera El Pacífico, S.A.C. (ALPA)* as warehouse facility that has been certified on August 19th, 2014.

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Transport Practice 3.3: Develop procedures for internal and external emergency notification and reporting.

This operation is

- In full compliance
- In substantial compliance Transport Practice 3.3
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

MERCANTIL has established the emergency response plan which indicates the internal and external communication to follow, in case of an emergency, flow of communication between the cyanide shipper, convoy leader and driver operators, general manager, also the incident unit. In case of an emergency, the supply chain communicates immediately with MERCANTIL, which is the point of contact with IFSEC, in case that a second response is needed.

MERCANTIL coordinates the emergency command notifications that include all supply chains, available for each of the active routes and storage. The emergency response plan indicates the persons to notify, also telephone numbers, including support institutions. The plan considers the concept on level of response depending on the severity of the incident.

Transport Practice 3.4: Develop procedures for remediation of releases that recognize the additional hazards of cyanide treatment chemicals.


This operation is

- In full compliance
- In substantial compliance Transport Practice 3.4
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

MERCANTIL has established procedure for remediation, such as recovery or neutralization of solutions or solids, decontamination of soils or other contaminated media and management and/or disposal of spill clean-up debris.

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MERCANTIL has established procedure indicating “the prohibition for using chemical substances such as: sodium hypochlorite, ferrous sulfate, hydrogen peroxide, lime to process the cyanide, because when in contact with superficial water in movement it is counterproductive and has a limit effectiveness”.

Transport Practice 3.5: Periodically evaluate response procedure and capabilities and revise them as needed.

This operation is

- In full compliance
- In substantial compliance Transport Practice 3.5
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:


MERCANTIL has established emergency response plan that is reviewed annually or whenever changes are needed.

MERCANTIL established periodically programmed drills, one theoretical and another practical drill for the purpose of evaluating the effectiveness of the emergency response plan and fix it, if necessary; the emergency response plan defines the frequency and training.

MERCANTIL has a plan requiring annual mock emergency drills. All supply chain elements drills have been performed, with the Latinoamericanos held on November 29, 2014.

MERCANTIL established procedure to evaluate the emergency response plan performance. Drills were planned for it supplies chain companies.

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C- ROLE AS CYANIDE INTERIM STORAGE

1. TRANSPORT: Transport cyanide in a manner that minimizes the potential for accidents and releases.

Transport Practice 1.3: Ensure that transport equipment is suitable for the cyanide shipment.

This operation is

- In full compliance
- In substantial compliance Transport Practice 1.3
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

Latinoamericanos showed evidence of lifting equipment specifications, which are designed and maintained to operate overall the loads it will be handling.


Latinoamericanos owns 1.4 Tons capacity Linde, 2.5 Tons forklift capacity, 45 Tons TEREX container stackers (made in 2007) and a 45 Tons capacity Konecrane staker brand model 2014. The equipment has load capacity for lifting cyanide containers safely.

Latinoamericanos has a preventive maintenance procedure.

Almacenes Latinoamericanos, S.A, showed evidence to verify the adequacy of the lifting equipment for the load it must bear, through the existence of equipment weight/stability scale, hoisting appropriate specifications and inspection reports.

Almacenes Latinoamericanos, S.A. showed evidence, to have procedure in place to prevent overloading of the lifting equipment used for handling cyanide through the existence of calibrated weight scale at the entrance and at the exit of the installation.

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2. INTERIM STORAGE: Design, construct and operate cyanide trans-shipping depots and interim storage sites to prevent releases and exposures.

Transport Practice 2.1: Store cyanide in a manner that minimizes the potential accidental releases.

This operation is:

- In full compliance
- In substantial compliance Transport Practice 2.1
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

Almacenes Latinoamericanos, S.A. has NFPA and UN signaling attached to containers indicating the presence of sodium cyanide. The area designated for interim storage is clearly identified, defined and demarcated that cyanide is present.

Latinoamericanos interim storage has warning signs about flames, eating and drinking are not allowed at the entrance of the general security perimeter fence.

At the entrance of the installation requirements of protective equipment are indicated, which apply to all the area where containers are stored.


Each Twenty Equivalent Unit (TEU type) cyanide container has locked storage of solids. There is a perimeter general fence, which is for all containers of any type of goods stored by Almacenes Latinoamericanos, S.A.

It was observed cyanide containers separate of materials, like, acids, strong oxidizers, and explosives without incompatible chemical product.

Latinoamericanos showed evidence that it has established a formal procedure and has trained their employees to separate cyanide from *incompatible materials* such as acids, strong oxidizers, explosives or other incompatible material with berms, bunds, walls or other appropriate barriers to prevent mixing or contact.

The boxes with cyanide were storage inside closed and hermetic TEU type containers to minimize the possibilities if water contact.

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Additional responsibilities include:

- Waterproof floor
- Good ventilation
- No rain appearance
- Spill and intoxication kit no less than 50 meters
- Areas must be properly identified (Restricted access, pictograms of EPP mandatory, risk, NFPA, Non-smoking areas, No food consumption, among others)
- Sodium cyanide must be handling separately of the following incompatible materials.

Cyanide is storage in closed containers, in open area.

Almacenes Latinoamericanos, S.A. has systems in place with the capacity to contain any spilled cyanide materials and minimize the extent of a release, as part of ALSA group shares the same facilities ALSER.

3. EMERGENCY RESPONSE: Protect communities and the environmental through the development of emergency response strategies and capabilities.

Transport Practice 3.1: Prepared detailed emergency response plans for potential cyanide releases.

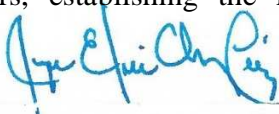
This operation is

- In full compliance
- In substantial compliance Transport Practice 3.1
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

Almacenes Latinoamericanos, S.A. implement the Emergency Response Plan, called in Peru Contingency Plans “Planes de Contingencias”, supported by “Resolución Directorial N° 031-2009-MTC/16), , to guarantee the operations and products to avoid a significative hazard to the public health and be compatible with the goals and the economics, social and ecology responsibilities of the community. These plans established personnel responsibilities and the service suppliers, establishing the responsibilities before an emergency event.

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Almacenes Latinoamericanos, S.A. implement the MERCANTIL emergency response plan for interim storage of cyanide maintained a basic structure: scope, responsibilities, legal jurisdiction, applicable legislations, notification system and communication (incident scenario, contacts, telephone numbers including support institutions, concept of level of response (organization chart and available equipment), risk control evaluation, public relations and the concern of the plans updated.

The interim storage emergency response was developed for the specific circumstances where they will be used, in which risks are considered during loading and unloading of containers.

Latinoamericanos, as part of Mercantil supply chain element consider from section 6.2 to 6.9 general precautions that should be considered in cases of cyanide exposure in the solid form or in cases where it is generated Hydrogen cyanide gas, in cases having contact in wet environments, including addressing neutralization of released cyanide.

Latinoamericanos Emergency Plan section 7.1 has considered the actions to take if a container is dropped on interim storage and cyanide spilled.

Latinoamericanos interim storage facility is a separate area that does not is affected for response scenario, because it is an isolate area exclusive for cyanide storage.

- Waterproof floor
- Good ventilation
- No rain appearance
- Spill and intoxication kit no less than 50 meters
- Areas must be properly identified (Restricted access, pictograms of EPP mandatory, risk, NFPA, Non-smoking areas, No food consumption, among others)
- Sodium cyanide must be handling separately of the following incompatible materials.

Almacenes Latinoamericanos, S.A., identify the roles of outside responders, medical facilities or communities:

Level 1 "Nivel 1" responds to cyanide accident until 20 tons

Organizations

Storage personnel first response

Contracts/Local consultants second response

Resources

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IFSEC Perú
Contract/Industry/Government facilities

Company other equipments

Level 2 “Nivel 2”
Cyanide accident in wet environmental and more than 20 tons

Organizations

Governmental response equipment (Civil defense and firefighters)
External contractor

Resources

Other companies’ equipment
In the event of an emergency

If an emergency occurred, the emergency response plan must be activated according the responsibilities described for each participant:

Cyanide Storage Personnel


Primary responsibility is to ensure that the accident area, identify the risk and notify the proper persons.

MERCANTIL

Coordinate and apply the corrective actions to minimize the accident impact on persons and environment. Investigate the causes of the accident, notify the corresponding organizations and provide follow-up actions.

MERCANTIL personnel is involved in provide assistance to specialized groups and facilitate the relations among the affected parts with the accident; also support the labor that the GROUND COORDINATOR demands for its functions. Another important activity is the interaction of the crisis committee, media and the national authorities. Every communication will be coordinated with the MERCANTIL management including the connection the govern offices and the public.

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Transport Practice 3.2: Designate appropriate response personnel and commit necessary resources for emergency response.

This operation is

- ✓ In full compliance
- In substantial compliance Transport Practice 3.2
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

Almacenes Latinoamericanos, S.A., emergency response plan section 10. for cyanide interim storage, established training and drill with the object to permit the involved parts in the cyanide operations knows how to use this product safely, the use of sodium cyanide, specific procedures, storage and/or any other material of interest to be disseminate, different training topics have been designed in function of each participant activities have.

Almacenes Latinoamericanos, S.A. are committed to implementing the Emergency Response Training, as has established of MERCANTIL.

The training must considerate:


Without prejudice of emphasis and intensity that have in the different type of training in all them the following topics are considered:

- a) Cyanide properties
- b) Product identification
- c) Personal safety
- d) Safe handling of cyanide
- e) Safety transportation of cyanide
- f) Storage
- g) Emergency plan
- h) Fire prevention
- i) Medical emergency
- j) Environmental emergency

To following groups:

- a. Transport company drivers operators
- b. Transport company supervisors

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- c. Personnel that provides escort to convoys
- d. Group of persons that constitute first response in case of emergency
- e. Group of persons that constitute second response in case of emergency
- f. Authorities that required training, in function of the needs of the mine company
- g. Employees and contract employees of the mine company involved in the routine operations as in the emergencies.

Latinoamericanos section 2.3 are committed to implementing the MERCANTIL Emergency Response duties and responsibilities.

Emergency response plan established the personnel responsibilities that take care of an emergency, including general manager, operations department and the integral system, which:

- Designed a Ground Coordinator for emergency control activities or take care at the company discretion
- Established priorities to take care of an event
- Request resources to assist in a necessary case
- Dispatch appropriate personnel to the accident place
- Ensure that any notifications to the authorities and reports handling are given on time and in a responsible manner.
- First action is to keep in mind persons security
- Support and technical assistance
- Contact external company for services
- Alert medical services for possible risks


Latinoamericanos Emergency Response Plan section 5.3 has established the necessary emergency response and health and safety equipment: Spill response kit and poisoning (antidote kit), and personal protective equipment, which is available.

Latinoamericanos maintained adjacent facilities from ALSER, and have demonstrated emergency response support available at the interim storage.

The training for the personnel involved in the storage will be in function of the scheduling that MERCANTIL established.

Latinoamericanos receive initial and periodic refresher training (yearly) in emergency response procedures.

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Procedure established the emergency equipment inspection as the verification document.

Check emergency kit and antidote kit (updated and completed). If any elements of the kit has been used must be replaced.

Almacenes Latinoamericanos, S.A., have Pre-Trip check list to assure its availability.

Transport Practice 3.3: Develop procedures for internal and external emergency notification and reporting.

This operation is

- ✓ In full compliance
- In substantial compliance Transport Practice 3.3
- Not in compliance


Summarize the basis for this Finding/Deficiencies Identified:

The emergency response plan for interim storage of cyanide established the external communication and internal flow which specified the call flow by the MERCANTIL Manager, regulatory agencies, outside response providers, medical facilities, firefighter and potentially affected communities of an emergency.

Latinoamericanos emergency commands notifications are included in the emergency response plan which is included in the communications flow from the emergency scenario. In the same documents are the support institutions telephone numbers, such, as clinics, hospitals and police stations.

Almacenes Latinoamericanos, S.A. maintains constant communication with ALSER, which shares its facilities. ALSER, Latinoamericanos and ALPA, are part of ALSA Group. ALSER is ready to handle any emergency.

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Transport Practice 3.4: Develop procedures for remediation of releases that recognize the additional hazards of cyanide treatment chemicals.

This operation is

- In full compliance
- In substantial compliance Transport Practice 3.4
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

Latinoamericanos emergency response plan for the *cyanide storage*, established the supervisor procedures to initiate clean up actions, housekeeping and decontamination. The interim storage supervisor must have knowledge of the technical characteristics, risk of each product and needs to have a MSDS copy and emergency plan.

Emergency response plan for storage section 6.8 established the clean-up and neutralization of solution (sodium hypochlorite, hydrogen peroxide, ferrous sulfate, etc.) it is limited only in case of spill circumscribe to a limit water mass, pools, and subjected to the GROUND COORDINATOR. No chemical product such sodium hypochlorite, hydrogen peroxide and ferrous sulfate must be applied to active water, in movement, that have biodiversity.

Transport Practice 3.5: Periodically evaluate response procedure and capabilities and revise them as needed.


This operation is

- In full compliance
- In substantial compliance Transport Practice 3.5
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

Latinoamericanos Emergency Response Plan section 11. states that the emergency plan must be updated whenever there are changes.

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Emergency response plan for cyanide interim storage section 10.5, established that two (2) drill "SIMULACROS" will be done annually, one practice and the other theory, with the purpose of evaluate the effectiveness of the Plan and correct any failure encountered.

It is pretend, in both cases, weighs the response procedures making sure that the persons receive first information of the emergency.

Latinoamericanos on November 29th, 2014 did a mock drill whose scenery was the spill after container opening as requested for inspection by the Peruvian government.

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